**Products under uniform tax regime**

†2235. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that VAT Panel is considering to separate diesel and several other products from the uniform tax regime;

(b) if so, the names of products on which VAT is not proposed to be levied on;

(c) whether there is also a proposal for bringing certain products under VAT system; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) VAT is a State subejct under Entry 54 of the State List of the Constitution of India. The design of VAT, including rates of tax on various items, has been finalized by the States collectively, through the deliberations in the Empowered Committee of State Finance Ministers (EC), according to which a few items of goods have been kept outside VAT. These are liquor, lottery tickets, petrol, diesel, aviation turbine fuel and other motor spirits. These items shall continue to be taxed under the Sales Tax Act or any other State Act or even by making special provisions in the VAT Act itslef, and with the Uniform Floor Rates (UFR) decided by the EC.

(c) and (d) All the items of goods, which have specifically not been kept outside VAT, have already been brought under the purview of VAT. Under the VAT system, any item which is not exempt or not taxable under the categories of 1% or 4% rate of tax, is taxable at the rate of 12.5% which is the general or residual rate of tax under VAT.

**Prepayment Scheme for States**

2236: SHRI K. RAMA MOHANA RAO:
SHRIMATI N.P. DURGA:

Will the Minister of FINANCE be pleased to state:

(a) whether any prepayment scheme has been introduced by Government in 2003-04;

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†Original notice of the question was received in Hindi.

(b) if so, what are the aims and objectives of the scheme; and

(c) the details of States that have come forward to avail the facility in the last two years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Government of India announced the debt Swap Scheme in the year 2002 to enable the States to prepay high cost loans carrying interest rate of 13% and above, contracted from Govt, of India in the past with low coupon bearing Small Savings loans and open market borrowings.

(b) The scheme was aimed to take advantage of the low interest regime and allow States to swap their high cost loans with low interest bearing loans. This was helped the States address the problem of mounting burden of interest payments.

(c) During 2002-03, twenty six States participated in the scheme. Two States i.e. Maharashtra & West Bengal did not participate during 2002-03. These two States also participated from 2003-04 to 2004-05. Rs. 102033.59 crore of high cost loans were swapped during 2002—05.

**Income Tax Raids on Engineering/Medical Colleges in Maharashtra**

2237. SHRI AMAR SINGH:

SHRI ABU ASIM AZMI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Income-Tax officials have recently raided some of the Engineering and Medical Colleges in Maharashtra;

(b) if so, what are the details of assets or incriminating documents seized in the raids of each college/hospital; and

(c) what action is proposed to be taken against the management of concerned colleges?

THE MINISTER OF FINANCE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No search warrant under section 132 of the Income Tax Act, 1961 was issued against any engineering or medical college recently by the Directorate General of Income Tax